

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/31):**

BUTTER: Grade AA closed at \$1.1075. The weekly average for Grade AA is \$1.1092 (+.0700).

CHEESE: Barrels closed at \$1.0875 and blocks at \$1.1125. The weekly average for barrels is \$1.0880 (-.0045) and blocks, \$1.1125 (+.0050).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: Butter markets remain unsettled, although the cash trading level at the CME has held basically steady. Production levels have been lighter during the past several weeks, but butter stocks are still more than ample for most needs. Some producers are not getting desired volumes of cream and are having to go on the open market to secure additional stocks of fresh butter. In more instances, current churning activity is keeping pace with demand, thus inventories are not building as rapidly. Butter demand is fair and retailers are taking more packaged butter in preparation for anticipated Easter/Passover needs.

CHEESE: The cheese market is unsettled to weak. Loads of process cheese continue to clear to CCC from the Midwest to help producers balance supplies with demand. Overall, cheese offerings are increasing. Process interest is being boosted by promotional activity, especially from food service accounts. Natural sales are mostly fair. Cheese production remains seasonally active and above year ago levels.

FLUID MILK: Milk production across the country continues to run strong in comparison to a year ago. In the deep South, milk output is reported to be at peak levels with all other areas approaching peak levels. Many plant operators continue to be concerned with having adequate manufacturing capacity at crunch time, during the upcoming Memorial Day holiday, and when schools close for the summer. For many milk handlers, they are at or very near capacity levels already.

DRY PRODUCTS: Nonfat dry milk markets are steady to weak with prices generally unchanged. Buying interest for commercial use is light to moderate, thus increasing volumes of surplus powder are being offered to CCC from all regions of the country. Buttermilk powder markets are steady to firm. Some producers cleared their stocks in recent weeks and have limited supplies, if any, for immediate shipment. Whey markets are mostly steady. For the most part, whey stocks are sufficient to maintain ongoing buyer interest. In instances, stocks are heavier than desired and multi load discounts are being offered to keep inventories under control.

CCC: Net purchases for the week of March 27 - 31, totaled 16,901,749 pounds of nonfortified NDM. From this total, 14,510,509 pounds were purchased from the West, 2,175,244 pounds from the Midwest, and 215,996 pounds from the East. CCC also purchased 673,200 pounds of process cheese from the Midwest.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the March 2000 final prices under Federal Orders: Class II \$1.71 (up \$.20 from February),

Class III \$9.54 (unchanged), Class IV \$11.00 (up \$.20). Product price averages used in computing Class prices are: butter \$.9497, NDM \$1.0094, cheese \$1.1093, and dry whey \$.1780. The Class I/II butterfat price is \$.9989 and the Class III/IV butterfat price is \$1.0191. Further information may be found at: www.ams.usda.gov/dairy/ann_class_comp_pr-01-00.htm.

DAIRY SITUATION AND OUTLOOK (ERS): According to the Economic Research Service, the relatively high milk prices of preceding years, inexpensive concentrate feed prices, and ample supplies of alfalfa hay have unleashed a major expansion in milk production, with more milk cows than a year earlier and above-trend rises in milk per cow. Sharply lower recent returns will begin to slow growth in milk output as 2000 progresses, but quick moderation is not likely. Milk production in 2000 is projected to increase 2% from a year earlier, following a rise of more than 3% in 1999. Commercial dairy stocks of most major products were heavy in early 2000. Heavy production, seasonal demand weakness, and buyer caution following the autumn price drops built up commercial stocks. Recent international dairy markets have had a rather tenuous stability. Prices have moved little even though dry milk markets appeared to be tightening, butter markets softening, and exchange rates changing significantly. Milk output is again growing substantially in Oceania, but new sales are not being sought very aggressively. The European Union is in the middle of the normal end-of-quota-year supply uncertainty, but export supplies seem fairly limited because of large sales committed earlier and fairly good domestic use.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during November 1999 - January 2000 totals 41.2 billion pounds, up 6.0% from the same period last year. Comparing disappearance levels with a year earlier levels: butter +13.4%, American cheese +10.8%, other cheese +7.4%, but nonfat dry milk was -38.5%. Fluid milk product comparables were not available.

CONSUMER PRICE INDEX (BLS): The February 2000 consumer price index (CPI) for all food is 166.3, up 1.8% from a year ago. The dairy products index at 160.9, 0.9% below a year ago. The February to February changes in selected dairy products are: fresh whole milk -5.3%, cheese +1.3%, and butter -18.5%.

FEDERAL MILK ORDER MARKET SUMMARY (USDA, AMS): During February, about 9.7 billion pounds of milk were received from producers. This volume of milk is 3.6% higher than the adjusted February 1999 volume. Slightly more than 3.7 billion pounds of producer milk were used in Class I products, 1.0% higher than the previous year. The all-market average Class utilization percentages were: Class I - 39, Class II - 11, Class III - 40, and Class IV - 12. The weighted average statistical uniform price (blend price under old pricing system) was \$11.48 per cwt., \$.019 less than last month, and \$3.64 less than last year.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MARCH 27	TUESDAY MARCH 28	WEDNESDAY MARCH 29	THURSDAY MARCH 30	FRIDAY MARCH 31	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0900 (-.0025)	\$1.0875 (-.0025)	\$1.0875 (N.C.)	\$1.0875 (N.C.)	\$1.0875 (N.C.)	-.0050	\$1.0880 (-.0045)
40# BLOCKS	\$1.1125 (+.0075)	\$1.1125 (N.C.)	\$1.1125 (N.C.)	\$1.1125 (N.C.)	\$1.1125 (N.C.)	+.0075	\$1.1125 (+.0050)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$1.1100 (N.C.)	-----	\$1.1100 (N.C.)	-----	\$1.1075 (-.0025)	-.0025	\$1.1092 (+.0700)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, MARCH 27, 2000

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.1050, 1 @ \$1.1125, 1 @ 1.1050, 1 @ \$1.1125; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.0900, 1 @ \$1.0925

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 7 CARS GRADE AA: 3 @ \$1.1100, 1 @ \$1.1075, 1 @ \$1.1050, 2 @ \$1.1100; BIDS UNFILLED: 21 CARS GRADE AA: 1 @ \$1.1075, 1 @ \$1.1050, 1 @ \$1.1025, 1 @ \$1.1000, 1 @ \$1.0900, 1 @ \$1.0800, 1 @ \$1.0700, 1 @ \$1.0600, 1 @ \$1.0500, 2 @ \$1.0400, 1 @ \$1.0300, 1 @ \$1.0200, 1 @ \$1.0100, 2 @ \$1.0000, 1 @ \$0.9900, 1 @ \$0.9800, 1 @ \$0.9700, 1 @ \$0.9600, 1 @ \$0.9500; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.1175, 1 @ \$1.1200, 1 @ \$1.2000

TUESDAY, MARCH 28, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$1.0875; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.0875, 2 @ \$1.0900; 1 CAR 40# BLOCKS @ \$1.1150

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 29, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.0875; 1 CAR 40# BLOCKS @ \$1.1150

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 1 CAR GRADE AA @ \$1.1100; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.1100, 1 @ \$1.0900, 1 @ \$1.0800; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1300

THURSDAY, MARCH 30, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0875; 4 CARS 40# BLOCKS: 1 @ \$1.1125, 2 @ \$1.1150, 1 @ \$1.1175

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 31, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.0875, 1 CAR 40# BLOCKS @ \$1.1150, 2 CARS 40# BLOCKS - 6 MONTH OLD @ \$1.4500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 13 CARS GRADE AA: 3 @ \$1.1000, 2 @ \$1.1075, 1 @ \$1.1100, 1 @ \$1.1075, 1 @ \$1.1050, 1 @ \$1.1025, 1 @ \$1.1050, 1 @ \$1.1075, 1 @ \$1.1100, 1 @ \$1.1075; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.1050, 1 @ \$1.0850, 2 @ \$1.0800; OFFERS UNCOVERED: 9 CARS GRADE AA: 1 @ \$1.1075, 1 @ \$1.1100, 1 @ \$1.1200, 2 @ \$1.1300, 2 @ \$1.1400, 2 @ \$1.1500

BUTTER MARKETS

NORTHEAST

The market tone remains unsettled as prices jumped more than eight cents during Friday's (3/24) trading. The price increase at the CME was not surprising, but the size of it was. Production levels have been lighter during the past several weeks, but butter stocks are still more than ample for current needs. Some isolated butter and cream shortages are being cited as a major cause for pushing prices higher. In the East, producer stocks are fairly well balanced now that churning activity is off from January-February levels. Demand is fair and retailers are taking more packaged butter in preparation for anticipated Easter/Passover needs. Food service orders are steady to improved. Bulk butter sales are slow and still in the range of 3-5 cents over the CME price/average.

CENTRAL

The butter market tone remains firm. Many producers and handlers continue to question the current cash price level in relationship to inventories and production projections. Of these, more are projecting that prices will probably remain firm as the spring flush develops. Cream supplies have tightened over the past few weeks, thus churning schedules have moderated from higher levels. Some Midwestern producers are not getting desired volumes of cream and are

having to go on the open market to secure sufficient butter stocks for current and future needs. In more instances, current churning activity is keeping pace with demand, thus inventories are not building as rapidly. Overall buying interest remains good as retail features continue and food service outlets prepare for the upcoming Easter holiday.

WEST

Butter markets are firm as the cash trading price level at the CME continues to hold at the \$1.11 level at midweek. Churning schedules at most Western butter operations are heavy. Cream availability is reported to be sufficient to maintain steady production schedules. Butter producers indicate that more cream is being absorbed into other cream based dairy products for the upcoming Easter holiday. Ice cream production is also on the rise as warm weather patterns spur sales. The calendar also suggests that it is time to increase ice cream inventories. Surplus cream offerings are quickly cleared, especially if pricing differentials are favorable for the buyer. Reports are indicating that surplus cream prices range from 118 - 130 over various pricing bases. Current prices for bulk butter range from 4 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
MARCH 25	1.1047 5,552,965	1.0848 9,698,672	1.0107 25,704,435	0.9852 4,206,978	0.1772 8,273,213

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are unchanged to fractionally higher on natural items. The market tone is unsettled. Prices of 40# Block, at the CME, have moved higher and lower in a narrow range during the past two weeks. Barrel prices have moved about a penny lower during the course of March trading. Cheese output in the East is steady as surplus milk supplies have not changed much during March. Cheddar stocks are moderate and readily available to fill any spot interest. More is being put into aging programs, but there may be a limit to how much is going to be put away. Process cheese sales are holding fairly steady. Food service orders are up slightly as restaurants prepare for the upcoming Easter weekend when dining out is very popular. Retail sales are just fair.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10#Prints	:	1.1225-1.6125
Cheddar Single Daisies	:	1.1025-1.5625
Cheddar 40#Block	:	1.2475-1.4250
Process 5# Loaf	:	1.3125-1.4750
Process 5# Sliced	:	1.3325-1.5800
Muenster	:	1.3050-1.6075
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Cash cheese prices continue to bounce around in a trading range just above support prices. Most traders expect limited short term upside price potential. Current natural interest is fair to occasionally moderate. Shredded cheese sales are mostly steady to improved. Process cheese movement is fair to good, best on food service accounts with promotional activity. Sales of process to CCC is expected to continue to help balance supplies with commercial demand. Buyers are finding little problem in acquiring extra cheese if needed. Also, buyer's tight quality standards reflect the sizable offerings available of many commodity type cheese varieties. Clearing undergrades remains a problem, even at a sharp discount to regular cash prices. Cheese production continues to exceed year ago levels at many facilities. Concern remains on how plants will handle all the extra milk expected around the peak production time and/or Memorial Day weekend.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2625-1.4700
Brick And/Or Muenster 5#	:	1.4300-1.6675
Cheddar 40#Block	:	1.4100-2.1150
Monterey Jack 10#	:	1.5900-2.1150
Blue 5#	:	1.8025-2.0100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4800-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	MARCH 27 - 31, 2000
BARRELS*	:	\$1.0775 - 1.1075 (NOMINAL)
	:	(\$.0050)
40# BLOCKS	:	\$1.0975 - 1.1375 (NOMINAL)
	:	(\$.0025) (-.0075)

WEST

Natural cheese prices moved slightly higher, while process and Swiss are unchanged. Pricing levels at the CME are showing only slight gyrations over the past week and continue not to reveal any sort of trend while maintaining prices slightly above support. Interest levels are holding steady with better demand for barrels continuing. There are comments of more undergrades being offered, along with normally fresh cheeses with age on the market. Cheese production remains strong in the region, buoyed by a healthy milk supply. Contacts remain concerned about handling milk over the spring flush.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2450-1.5050
Cheddar 40#Block	:	1.2300-1.3700
Cheddar 10#Cuts	:	1.4100-1.6300
Monterey Jack 10#	:	1.4200-1.5800
Grade A Swiss Cuts 6 - 9#	:	2.1500-2.4000

FOREIGN

Prices are steady to fractionally lower and the market tone is unchanged. Orders for traditional Lenten/Easter/Passover table cheeses are being placed and shipped. Overall, demand for foreign type cheese is fair to improved, mostly fair. Stocks are generally adequate to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.4475-2.9425*
Gorgonzola	3.2400-5.9400	2.0025-2.4900*
Parmesan (Italy)	TFEWR	2.8625-3.3675*
Romano (Italy)	2.1000-2.5400	-0-
Provolone (Italy)	3.4400-5.5000	1.4625-1.7425*
Romano (Cows Milk)	-0-	2.6275-4.8125*
Sardo Romano (Argentina)	2.6500-3.2900	-0-
Reggianito (Argentina)	2.6500-3.2900	-0-
Jarlsberg (Brand)	2.7400-3.3100	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-
*=Price change.		

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
03/27/00	22,728	: 120,540
03/01/00	20,773	: 122,884
CHANGE	1,955	: -2,344
% CHANGE	9	: -2

FLUID MILK AND CREAM

E A S T

Milk production is holding near peak levels in Florida and Texas and climbing in other Southeastern states. Further north, milk output is steady to slightly heavier. Fluid milk supplies are reaching burdensome proportions in the Southeast and manufacturing plants are "stretching" their capacity as best they can. So far, all the milk is being handled within the region. Early in the week, plant problems did cause milk to be moved around for processing, but this scenario was expected to be cleared up at midweek. Florida handlers moved about 110 loads of surplus milk out of state for processing. Contacts expect this figure to grow as schools will be on break next week. This week's shipments compare to 110-120 loads during the same week last year. Bottled milk sales are slow to fair, at best. Winter tourists are, in greater numbers, leaving their winter homes in the South. This is hurting bottled milk sales in this region. Manufacturing facilities in the Northeast are active, but unlike Southeastern plants, processing capacity remains at most plants. Reports indicate that a few Canadian manufacturing firms are looking to source rBGH-free milk from U.S. suppliers in the northern parts of the region. The condensed skim market tone and prices are unchanged. Contacts report spotty interest with most sales to regular accounts. Some improved interest from cheese plants is evident, particularly if the wet solid's price is below a dollar. There were some extra loads looking for a home early in the week and spot interest is reported as seldom better than slow. The fluid cream market is about steady. Offerings are "snug" but few buyers have difficulty getting what they want. However, with butter prices at the CME jumping to \$1.11 last Friday, spot demand is occasionally slower. Multiples are steady to, more often, lower following the price jump on butter. However, sales based on date of shipment have per-pound-fat prices above \$1.50 this week. Bottled cream sales are improving as Easter orders are coming in and being shipped. Cream cheese production is steady to slower. Ice cream output was increasing nicely, but with the nearly nine-cent price increase on butter, some ice cream makers eased back on spot cream purchases. Churning activity is steady at moderate levels.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2990-1.5207
DELIVERED EQUIVALENT ATLANTA	-	1.2886-1.4133 M 1.3406-1.3925
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3302-1.5318
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9900-1.1000
NORTHEAST- CLASS III - SPOT PRICES	-	.8800-1.0000

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MARCH 24 - 30, 2000	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1999	0

Class I demand is irregular, generally about steady. Schools closing for their spring break on different weeks affects some bottlers' fluid needs and not others. Handlers continue to ship milk northward to find manufacturing space, especially on weekends. A total of 7 loads of Wisconsin contracted milk was shipped to Missouri. Milk supplies remain well above year ago levels and most plant operating schedules have stepped up accordingly. Many plant operators continue to be concerned with having adequate manufacturing capacity at crunch time, Memorial Day weekend and when schools close for the summer. Manufacturing milk interest is about steady, mostly for fill-in type orders. Spot milk prices are generally at 50 to 75 cents over class for short hauls, with

a few loads both higher and lower. Cream prices are noticeably higher, reflecting last week's increases in cash butter prices, particularly on Friday (3/24) at the Chicago Mercantile Exchange. Cream demand has picked up for some sellers as ice cream production picks up seasonally. Most fieldwork this far in the northern tier of states is relegated to manure hauling as many fields are too soft and wet for much tillage. Except for the surface, the ground is dry further down as winter precipitation has been generally limited. Temperatures have varied both above and below seasonal norms.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.00	\$ 33.50- 38.00
REPLACEMENT HEIFER CALVES	\$190.00-325.00	\$200.00-255.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 46.50	\$ 32.50- 43.50

W E S T

February pool receipts of milk in California total 2.506 billion pounds (for 29 days), 13.4% higher than last year. (Adjusted to 28 days, receipts total 2.420 billion pounds, up 9.5% from last year.) Cumulative pool output through the first two months of 2000 totals 5.067 billion pounds (February adjusted), up 10.2% from the comparable period in 1999. The February blend price is \$10.53, 17 cents lower than January, at a fat test of 3.76%. The percentage of receipts used in Class 1 products is 20.75%. The February quota price is \$11.65 and the base and overbase prices are \$9.95. These prices are 10 cents lower than last month and \$3.25 lower than February 1999. Milk production is rebounding across most of the state of California. The rains of two to three weeks ago lowered milk production, but conditions since have been nearly ideal for cow comfort. The rains aided in crop development and growth. Current conditions are good for alfalfa, hay and green chopping. Feed quality is excellent. Cows are responding favorably to the feed and weather conditions. Milk plants are able to handle the current milk supplies but contacts have differing opinions on the extent and duration of the spring flush this year. Cow numbers are increasing and more cows are soon to be freshening in the state. Milk production patterns are trending higher in New Mexico. Cow numbers continue to follow trends higher as both new farms are being populated and established facilities expand. Feed conditions remain favorable and new crop alfalfa is being harvested and brought in from surrounding states. Weather conditions are favorable. Milk is being shipped to other areas for processing capacity. Arizona is seeing little change in production conditions. Milk supplies are generally being handled locally. Cream supplies are light to moderate and currently less than the improved demand. Buying interest had been trending higher as some seasonal accounts entered the market. Both the butter price and multiples increased. Western multiples ranged from 118 to 130. Milk production in the Pacific Northwest is increasing seasonally. Weather patterns vary from one day to the next, but overall conditions are favorable for good production growth. In some areas of the Northwest, especially in more hilly regions, cows are now being pastured. Green chopping is starting, although first cutting hay is still 3 - 4 weeks out. Milk volumes are heavy with many plants running at or near capacity. In some areas, spring break has ended, thus diversions to local manufacturing plants are not as heavy and some manufacturing schedules have been cut back. In the Mountain states, milk output remains mixed. Milk handlers report higher receipts one day and lighter the next, but overall output is increasing. Weather conditions remain mixed, but not unusual for this time of the year. Plants in the Mountain region have sufficient capacity at this time and milk handlers are hopeful that they will be able to get through the upcoming spring flush with minimal problems.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 03/30/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices remain unchanged on a weak market. Government support continues to alleviate heavy supplies. Brokers are bidding lower to no avail as producers prefer to ship to the government where possible. Some CCC rejected product is returning to the market and being offered at a discount. Spot shipments are light as buyers tend to purchase only on an as needed basis. Inventories are in balance to heavy. Production is strong with most producers struggling to keep up with heavy milk volumes. Prices are anticipated to remain unchanged through August given good weather conditions. High heat production is steady for the moderate demand.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9900 - 1.0100 MOSTLY: 1.0000 - 1.0100

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a steady to firm market. Some producers cleared their stocks last week and have limited supplies for current interest. Production is decreasing as condensed movement picks up for an early ice cream season. Buyers are not showing much resistance to price increases. Demand is fair, best on regular commitments and into ice cream and baking facilities. Less than trucklot loads are clearing at substantial premiums. Condensed is being traded at 4-6 cents below the average. Off grade supplies are tight at prices just below the range. Churning activity is mostly steady.

BUTTERMILK: .6750 - .7550

DRY WHEY - CENTRAL

Prices are unchanged on a mostly steady market. While stocks are in better balance at some plants, product remains readily available. Multiple load shipments are moving at a discount. Interest is very light with regular commitments clearing product the best. Production is steady to heavier with good milk and cheese volumes. Some plants are pushing more solids into WPC/lactose facilities to gain better profits in higher WPC prices. A reduction in solids available due to heavy WPC production is not tightening the market as offering prices are not increasing. Brokers searching for export product are bidding prices lower. Off grade is plentiful for the light demand.

NONHYGROSCOPIC: .1700 - .1850 MOSTLY: .1700 - .1800

ANIMAL FEED WHEY - CENTRAL

Prices are higher on delactose and unchanged to lower on the balance of items. Milk replacer supplies are heavy and often difficult to move with plenty of sub-standard product available. Brand specific product is clearing well at the higher end of the range. Roller ground production is unchanged for the steady and mostly contractual demand. Stocks are generally in balance to a little long. Delactose prices are moving higher as the demand for protein increases with WPC shortages. Some feed buyers are increasing delactose content in their formulas as a cheaper substitute for WPC. Production is steady and inventories are tight as some producers are coming up short on regular commitments. Delactose demand into food facilities remains strong. Hog prices are trending higher while the North Central veal market remains generally steady.

MILK REPLACER: .1300 - .1600
STANDARD: TFEWR
ROLLER GROUND: .1600 - .1825
DELACTOSE (Min. 20% protein): .3000 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a mostly steady market. Negotiations are continuing on second quarter contracts. Export commitments settled for second quarter are unchanged to higher. Cheaper European supplies are competing for export interest. Inquiries are being noted from Thailand, China, Japan, Korea and Vietnam. Insufficient kosher status in Europe is encouraging export movement into the area. Domestic interest is steady to lower. Movement into candy and confectionary products is generally good. However, a surplus of feed grade lactose is deterring feed buyers from purchasing Extra Grade product. Some producers are discounting product to alleviate heavy supplies. Traders are finding it difficult to clear feed grade supplies as plenty of permeate and off grade whey deter interest. Production is mostly steady with some plants running behind on regular commitments. Higher mesh sizes are generally in the tightest supply. Off grade product is trading 2-3 cents below the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2550 MOSTLY: .1950 - .2050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Trading is light as product available is scant. Production is unchanged to lower due to unexpected production problems. Some producers are unable to satisfy regular commitments and are running 2-8 loads behind schedule. Inquiries from Asia are heavy with steady movement into Canada and Mexico. Supplies of 80% are tight with some producers sold out into the next few months. Grade A product is clearing well into ice cream. Spot interest is strong from veal and nutraceutical facilities with most plants unable to meet the demand. Unconfirmed offers on feed quality WPC from Eastern Europe are being reported below the range delivered. US off grade product is being traded at 50-53 cents FOB. Interest in delactose is increasing as a substitute for WPC. Bids on condensed product were made at the average during the week. Demand on condensed continues strong into feed and process cheese facilities. Resale product is trading just above the range. Producers do not expect any relief in the market during the next month.

EXTRA GRADE 34% PROTEIN: .5300 - .5800 MOSTLY: .5400 - .5600

NONFAT DRY MILK - WEST

Prices are unchanged for both series. Market conditions are steady with recent weeks. Activity is light to moderate and surpluses are clearing to the CCC under the support program. DEIP activity is presently light. Very little changes are expected to occur in the near future as milk supplies increase further in the region. Demand remains subdued as buyers hold the options. During the week of March 20 - 24, CCC net purchases totaled 11.6 million pounds of nonfortified NDM from Western, Midwestern, and Eastern sources.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9800 - 1.0200 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0150 - 1.0350

DRY BUTTERMILK - WEST

Buttermilk prices continue to trend higher in limited trading. The market tone remains firm. Plant offerings are generally light from both producers being sold out and some holding onto powder. The market is not fully tested. Some buyers are balking at higher asking prices, but are having to pay the price to secure loads. There remain questions on the amount of buttermilk now in resellers' hands and if that will have any impact on future prices and marketings. Production levels are seasonally active. Stocks levels are light to moderate.

BUTTERMILK: .6100 - .7400 MOSTLY: .6500 - .6900

DRY WHEY - WEST

Whey markets are generally steady at unchanged prices, although a mixed market tone is being reported. Some traders indicate slight price weaknesses, while others report stability, if not firmer price levels. Whey production in the Western region is seasonally heavy and is expected to only become heavier. Stocks at this point are basically in balance with some operations still catching up with orders following recent equipment problems.

NONHYGROSCOPIC: .1650 - .1925 MOSTLY: .1700 - .1775

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
March 24	\$1.0089	15,610,380
March 17	\$1.0085	13,413,703

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady on low heat, mixed on high heat. The market tone is unchanged. Production levels are steady, but a few plant problems did disrupt drying early in the week. Demand for condensed skim is occasionally improved which is impacting drying schedules. Producer stocks are more than adequate to meet current needs. Some multi-load, large volume sales were made at the bottom of the range. A stipulation that these loads must be out of the plant by a specified time is often associated with these lower priced sales. Spot demand for NDM is often for replacement volumes.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9900 - 1.0300 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0400 - 1.0800 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is generally unchanged. Production levels are moderate to slightly heavier. This week, cream sales have slowed slightly as butter/butterfat prices have increased rather sharply. Producers' stocks are balanced. Spot demand is steady to slightly improved.

F.O.B. NORTHEAST: .7000 - .7400

DELVD SOUTHEAST: .6800 - .7550

DRY WHOLE MILK - NATIONAL

Prices are steady to higher within the range. Some Western producers are thinking about adjusting their dry whole milk prices if butter prices hold at current levels. The market tone is generally steady. Production levels are steady and often geared to meeting orders. Domestic, spot demand remains slow to fair. Plant inventories are closely balanced.

F.O.B. PRODUCING PLANT: 1.0700 - 1.2500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH MARCH 24, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	86,699	MT (191,136,615 LBS)
CHANGE	--	465	MT (1,025,139 LBS)
WHOLE MILK POWDER	--	9,677	MT (21,333,914 LBS)
PROGRAM ALLOCATION FILLED			
CHEESE	--	1,623	MT (3,578,066 LBS)
BUTTERFAT	--	5,263	MT (11,602,809 LBS)

Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT.

These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged and the market tone is slightly firmer. Producer stocks are closely balanced, often tight, but demand is just fair. Dry whey production is moderate. Most Eastern cheese makers are operating at near capacity levels as more milk and/or condensed skim was being offered to them this week. Export interest is holding up quite well and current contracts are clearing "decent" volumes. Domestic demand is not as brisk as desired, but sufficient to keep stocks in balance. Some Eastern producers report being sold out for much of April and others are taking orders for delivery two to three weeks in the future.

F.O.B. NORTHEAST:	EXTRA GRADE	.1750 - .1850
	USPH GRADE A	.1850 - .1950
DELVD SOUTHEAST:		.1950 - .2200

ANIMAL FEED WHEY - NORTHEAST

The market tone is unchanged. Offerings are in better balance, but still readily available to meet current spot needs. Spot demand is occasionally improved, but generally slow to fair.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production is mostly steady and often geared to meeting orders. Demand is fair, but retail movement often improves around Easter. Producer stocks are moderate.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$21.00 - 33.00
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Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain firm. Prices are unchanged, although most domestic buyers feel that prices will continue at this level if not higher for the near term. Shipments of contracted volumes are reported as lighter than anticipated and often delayed. Most users are working from existing inventories and hopeful that they will receive additional stocks before they run out completely. Production in Oceania is near its' season's end and, for the most part, have no additional casein available beyond committed volumes. European production is soon to begin. It is still too early to know what the supply situation will be from this region.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0000 - 2.2000
ACID:	2.0000 - 2.1800

COFFEE, SUGAR & COCOA EXCHANGE (A subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	03/15	03/16	03/17	03/20	03/21	03/22	03/23	03/24	3/27	3/28
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CSCE/NYBT - BFP -- Dollars per cwt.

MAR 00	9.63 (51) 0	9.65 (51) 0	9.63 (51) 0	9.63 (53) 0	9.60 (51) 0	9.60 (51) 0	9.60 (51) 0	9.60 (51) 0	9.60 (51) 0	9.57 (51) 0
APR 00	9.73 (52) 1	9.70 (52) 0	9.70 (52) 0	9.63 (53) 1	9.55 (54) 2	9.55 (54) 0	9.55 (54) 0	9.55 (54) 0	9.58 (54) 0	9.58 (54) 0
MAY 00	10.20 (48) 0	10.10 (48) 0	10.10 (48) 0	10.05 (48) 0	10.03 (48) 0	10.03 (48) 1	10.00 (48) 0	10.00 (48) 0	10.00 (49) 1	10.00 (50) 1
JUN 00	11.10 (54) 0	11.10 (54) 0	10.95 (54) 0	10.95 (55) 1	10.90 (55) 0	10.85 (55) 0	10.93 (56) 0	11.03 (56) 0	11.03 (56) 0	11.03 (56) 0
JUL 00	11.80 (50) 1	11.80 (50) 0	11.80 (50) 0	11.75 (52) 2	11.75 (52) 0	11.75 (52) 0	11.75 (52) 0	11.75 (52) 0	11.75 (52) 0	11.75 (52) 0
AUG 00	12.20 (35) 1	12.25 (35) 0	12.25 (35) 0	12.25 (37) 2	12.18 (37) 0	12.18 (39) 2	12.20 (39) 0	12.23 (39) 0	12.25 (39) 0	12.25 (39) 0
SEP 00	12.55 (41) 1	12.55 (41) 0	12.45 (41) 0	12.40 (42) 1	12.38 (43) 1	12.38 (45) 2	12.45 (45) 0	12.45 (45) 0	12.50 (45) 0	12.55 (46) 1
OCT 00	12.65 (21) 0	12.65 (21) 0	12.63 (21) 0	12.60 (22) 2	12.60 (22) 0	12.60 (23) 1	12.65 (25) 1	12.65 (24) 0	12.65 (24) 0	12.65 (24) 0
NOV 00	11.95 (13) 2	11.95 (13) 0	11.95 (13) 0	11.95 (13) 0	11.95 (13) 0	11.95 (13) 0	11.95 (14) 1	11.98 (14) 0	11.98 (14) 0	11.98 (15) 1
DEC 00	11.80 (5) 3	11.80 (5) 0	11.80 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.70 (5) 0	11.70 (5) 0	11.70 (5) 0
JAN 01	11.35 (2) 1	11.35 (2) 0	11.35 (2) 0	11.35 (2) 0	11.23 (2) 0	11.23 (2) 0	11.23 (2) 0	11.20 (2) 0	11.20 (2) 0	11.20 (2) 0

CME - BUTTER -- Cents per pound

MAR 00	99.00 (64) 1	99.25 (61) 11	99.25 (57) 0	100.00 (64) 6	102.55 (50) 12	102.50 (43) 0				
MAY 00	102.00 (122) 0	102.00 (124) 2	102.00 (124) 0	102.25 (124) 0	103.00 (124) 0	103.50 (124) 0	103.525 (124) 0	108.525 (124) 0	111.25 (124) 2	111.50 (128) 10
JUL 00	105.00 (367) 0	105.00 (367) 0	105.00 (367) 0	105.00 (367) 0	107.80 (364) 3	109.00 (364) 0	109.00 (364) 0	110.00 (364) 0	111.00 (364) 0	114.00 (364) 8
SEP 00	108.00 (440) 0	108.00 (440) 0	108.00 (440) 0	108.00 (440) 0	108.00 (440) 0	109.00 (440) 0	109.00 (440) 0	114.00 (440) 0	114.00 (440) 0	116.00 (441) 1
OCT 00	109.025 (225) 0	109.00 (230) 5	109.50 (234) 6	109.50 (234) 0	110.00 (234) 0	110.50 (234) 0	111.00 (234) 0	116.00 (234) 0	116.00 (234) 0	118.00 (238) 14

CME - BFP -- Dollars per cwt.

MAR 00	9.58 (707) 17	9.58 (705) 4	9.55 (705) 2	9.55 (705) 5	9.55 (705) 0	9.55 (705) 0	9.55 (705) 0	9.55 (705) 0	9.55 (702) 3	9.55 (701) 1
APR 00	9.74 (662) 15	9.74 (662) 0	9.70 (663) 6	9.60 (661) 5	9.60 (661) 2	9.60 (662) 0	9.60 (662) 0	9.61 (664) 3	9.61 (665) 1	9.60 (664) 4
MAY 00	10.05 (690) 15	10.05 (690) 0	9.97 (732) 76	9.97 (740) 8	9.96 (750) 16	9.98 (754) 23	9.98 (754) 23	9.98 (756) 2	9.95 (772) 26	9.95 (772) 0
JUN 00	10.95 (899) 38	10.95 (907) 13	10.92 (948) 47	10.92 (953) 9	10.89 (964) 20	10.89 (968) 6	10.95 (968) 6	10.95 (974) 12	10.95 (978) 14	10.95 (983) 7
JUL 00	11.75 (1259) 34	11.76 (1257) 7	11.71 (1270) 26	11.71 (1275) 10	11.69 (1284) 15	11.69 (1285) 4	11.75 (1285) 4	11.75 (1286) 4	11.72 (1286) 15	11.74 (1286) 0
AUG 00	12.26 (1139) 22	12.26 (1144) 10	12.20 (1151) 13	12.25 (1159) 5	12.21 (1168) 22	12.24 (1169) 5	12.30 (1169) 5	12.31 (1175) 9	12.27 (1181) 22	12.29 (1181) 2
SEP 00	12.44 (858) 28	12.45 (858) 8	12.40 (865) 17	12.41 (871) 11	12.38 (884) 24	12.40 (887) 4	12.45 (887) 4	12.46 (901) 14	12.47 (911) 16	12.53 (921) 15
OCT 00	12.62 (762) 27	12.63 (765) 12	12.60 (781) 21	12.62 (785) 4	12.60 (808) 39	12.65 (811) 14	12.72 (811) 14	12.69 (826) 18	12.62 (840) 34	12.65 (843) 5
NOV 00	11.97 (489) 6	11.97 (490) 2	11.92 (499) 15	11.95 (502) 6	11.95 (504) 4	11.98 (506) 3	12.03 (506) 3	11.95 (506) 4	11.94 (513) 7	11.97 (513) 0
DEC 00	11.80 (433) 7	11.75 (432) 1	11.70 (440) 10	11.70 (448) 8	11.70 (452) 11	11.72 (453) 1	11.73 (453) 1	11.74 (455) 2	11.65 (470) 20	11.68 (470) 0
JAN 01	11.34 (29) 1	11.32 (28) 1	11.30 (28) 0	11.30 (28) 0	11.25 (28) 1	11.25 (28) 0	11.20 (28) 0	11.20 (28) 0	11.20 (28) 0	11.20 (28) 0

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 20 - 31, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Many farmers are adjusting milk shipments into the market to try to just meet their quota for the year. Others are not as worried about making quota levels. A few countries are not expected to make their quota and will be forced to pay the penalty. Milk production is increasing seasonally in the more southern countries in the region. Further north, current milk production is starting to show increases but it remains a little early for pasturing. The recent reduction in export refunds on skim and whole milk powders caused little change in prices. Recent currency fluctuations compared to the dollar have also kept prices fairly stable. Most powders remain tight with many plants reported as fully committed out a few months with their expected production. Butter and whey markets are still lagging the rest. Butter is moving into private and intervention storage for use later in the year.

BUTTER/BUTTEROIL: The butter market is unsettled to weak. Of all the dairy commodities, this is probably the weakest. Production is seasonally light. Of the 15 EU countries, 13 are clearing butter into intervention storage and according to reports, an even larger volume into private storage. International demand remains fairly quiet.

82% BUTTERFAT:	1,175 - 1,300
99% BUTTERFAT:	1,400 - 1,550

SKIM MILK POWDER (SMP): The skim milk market is currently firm. Spot supplies in the short term are just not available. The export market is currently also firm. Exporters continue to work on filling contracts made previously. Many powder plants are already fully committed on anticipated output for a few months.

1.25% BUTTERFAT:	1,450 - 1,570
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WHOLE MILK POWDER (WMP): The whole milk market is firm and spot offerings are very limited. International interest is currently quiet but having supplies to fill new orders would be a problem. Most international buyers seem to be covered for the short term.

26% BUTTERFAT:	1,575 - 1,670
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SWEET WHEY POWDER: The market is about steady. Prices are bouncing around within the trading range. Current export interest is light. The recent Japanese whey tender was filled by product from Eastern Europe and the U.S. Whey production is seasonally light, though milk volumes going into cheese production have been seasonally active.

NONHYGROSCOPIC:	410 - 500
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OVERVIEW: EASTERN EUROPE: Milk production is starting to increase seasonally. Traders are hoping that weather conditions this year will be more favorable for milk production and allow for an increased product supply for marketing. Reports indicate that small part of the recent Japanese whey tender went to this region.

Exchange rates for selected foreign currencies: March 27, 2000

.4387 Dutch Guilder	.4943 German Mark
.1474 French Franc	.4990 New Zealand Dollar
.1088 Mexican Peso	.6114 Australian Dollar
1.5871 British Pound	.0094 Japanese Yen
.2480 Polish Zloty	.9667 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1088) = 9.1912$
That is 1 US Dollar equals 9.1912 Mexican Pesos.

Source: "Wall Street Journal"

OCEANIA

OVERVIEW: Milk output in the Oceania region continues to run strong, although the end of the production season is near. In New Zealand, production data continues to indicate that milk output is running more than 10% above last season. In Australia, February milk production is reported to be 8.1% above last February with a year to date increase of 7.5%. Although milk output has been and continues to be strong, stock levels of manufactured dairy products are not excessive. In most instances, stocks are sufficient to maintain ongoing business with minimal, in any, available for new buyer interest. Due to limited inventories, most Oceania manufacturers are pleased with the strong season's end milk output, thus the additional milk will be able to enhance inventories for their upcoming winter season. Some Oceania traders had indicated that they have noticed a downturn in demand from some Asian markets. They feel that buyers in this market were reducing inventories to minimal levels and then would once again purchase when European stocks become available. Now, Oceania traders are reporting an improvement in buyer interest from the Asian market. Oceania traders indicate that possibly this inventory strategy occurred too early and product is still limited in Europe, thus they had to return to the Oceania region for needed stocks. It is still too early to know for sure what the supply situation will be in Europe during the upcoming production season, thus many European producers and traders are not committing themselves too far into the future.

BUTTER: The Oceania butter market is generally steady, although prices are unchanged to slightly lower. At this time, butterfat is the most available dairy product in the Oceania region. Butter and butteroil are reported to be available above and beyond committed needs. Producers and handlers are indicating that butter is available should additional buyer interest develop.

82% BUTTERFAT:	1,150 - 1,225
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CHEDDAR CHEESE: Oceania cheese markets are generally steady, although prices are unchanged to slightly higher. Cheese stocks are reported to be sufficient to maintain ongoing buyer interest. For the most part, current buyer interest continues to center around regular customers. Most Oceania cheese producers are pleased that milk production is remaining strong this late into the production season, thus additional cheese is being produced to enhance winter cheese inventories.

39% MAXIMUM MOISTURE:	1,700 - 1,800
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SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady although prices have fluctuated slightly. Late season milk production is strong, thus butter/powder output remains seasonally active. Although manufacturing schedules are active, powder stocks remain limited and for the most part, fully committed. Stocks are reported to be in balance for contracted needs and Oceania traders are hopeful that inventories, along with declining future production, will be sufficient to carry them through the upcoming winter season.

1.25% BUTTERFAT:	1,500 - 1,600
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Oceania production remains seasonally active, although most output is fully committed to ongoing/regular buyer needs. For the most part, Oceania stocks are limited should additional buyer interest develop.

26% BUTTERFAT:	1,550 - 1,650
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THE DAIRY SITUATION AND OUTLOOK

Milk Production Surging. The relatively high milk prices of preceding years, inexpensive concentrate feed prices, and ample supplies of alfalfa hay have unleashed a major expansion in milk production, with more milk cows than a year earlier and above-trend rises in milk per cow. Sharply lower recent returns will begin to slow growth in milk output as 2000 progresses, but quick moderation is not likely. Milk production in 2000 is projected to increase 2 percent from a year earlier, following a rise of more than 3 percent in 1999. Newly revised data show that milk cow numbers rose slightly during the first half of 1999 and have since been almost steady. Normal declines were absent because of accelerated expansions by stronger producers and slower exit by weaker farmers, both caused by the relatively strong returns of recent years. Recent returns did not much improve long-run prospects for the sizable number of dairy farmers who have not been generating acceptable family incomes, but they did allow exit decisions to be postponed. The lower recent returns will begin to re-accelerate the rate of farm exit from dairying, possibly quickly. Growth in cow numbers has been particularly rapid in the West. Easing of the very tight 1997 and 1998 markets for dairy-quality alfalfa hay was important, as was the more recent easing in supplies of replacement heifers. However, expansion in the West probably was not much different from expansion of similar “new style” farms in the North. Returns in 1996-99 generated a large share of the money needed to build new farms or greatly expand existing operations. Expansions already underway are not likely to be affected much by the current low returns, and the number of new or expanding operations probably will not significantly slow until 2001. Milk cow numbers are projected to start back downward, although remaining above a year earlier until at least midyear. Declines are expected to stay fairly slow as the recent strong momentum is unlikely to dissipate quickly. For all of 2000, milk cows probably will average near a year earlier, although increases during most of the year are possible. Milk per cow grew more than 3 percent in 1999, and rapid gains continued in early 2000. Although the 1999 strength was exaggerated by a relatively weak performance a year earlier, last year’s growth was the first above-trend rise since 1994. A milk-feed price ratio above 2.0 illustrated the very large incentive to feed cows as many concentrates as they could use. In addition, there was almost no significant output-depressing weather in 1999. The forage situation was moderately favorable to milk per cow in 1999 and likely will remain so through at least the first half of 2000. Scattered weather problems were common enough that production of top quality alfalfa hay was still a bit small, but continued weakness in export demand helped to ease market tightness. More importantly, production of average quality alfalfa was very large, and prices much lower. Silage crops generally were also large and good. The very large December 1 stocks of all hay and the probably similar silage situation imply that supplies of fairly good forage will be ample for the first half of 2000. In fact, there may be an unusually large cushion against new-crop problems. Milk-feed price ratios are expected to be somewhat mediocre during the first half of 2000, at levels associated with trend increases in concentrate feeding and milk per cow. If milk prices recover modestly in the second half as expected, milk-feed ratios will return to favorable levels. Total 2000 milk per cow is projected to grow about 2 percent from 1999. Milk production increases will be large this winter and spring. During the second half, rises may ease somewhat compared with the rising cow numbers and jumps in milk per cow of a year earlier. However, milk production probably will remain basically strong until at least 2001. The projected 2-percent increase would bring 2000 output to about 166 billion pounds, up 10 billion from 1997.

Dairy Demand Also Surges. During each of the last 2 years, real growth in the economy exceeded 4 percent as the current expansion approached record length. Disposable personal income also rose 4 percent in inflation-adjusted terms. Higher consumer incomes and wealth increased real personal consumption expenditures about 5 percent in 1998 and in 1999. Expenditures for food shared the increase, rising almost 3 percent in 1998 and accelerating to almost 4 percent in 1999. Consumer indulgence boosted demand for cheese, butter, and milkfat for processed foods. Despite high prices in 1998 and 1999, commercial use of American cheese jumped 7 percent last year, following a 3-percent rise in 1998. Sales of other varieties rose 5 percent, after 2-percent growth in 1998. Meanwhile, commercial use of butter jumped almost 6 percent to the highest level since 1960. Sharply increased spending for away-from-home eating undoubtedly was an important factor, as was willingness to pay for the convenience of other forms of commercial food preparation. In addition, consumers probably were relatively insensitive to food prices. Demand for those dairy products more dependent on retail sales generally was not as strong as for butter and cheese. Fluid milk sales grew only fractionally, while use of cottage cheese and most frozen products slipped. Even for these products, consumer indulgence was somewhat in evidence. Sales of whole milk and reduced fat fluid products rose, while skim milk sales declined. Similarly, regular ice cream sales decreased less than those of lower fat frozen products. However, not all was rosy for dairy demand. Use of separated skim solids in processed foods fell significantly, even though these products were in ample supply at stable and relatively low prices. Commercial disappearance of nonfat dry milk fell 12 percent in 1999, following a 3-percent decline in 1998. In part, the decrease reflected the ample supplies of raw milk and the reduced need to use powder to produce other dairy products. However, final use of nonfat dry milk has obviously slipped, as has the apparent use of wet forms of skim solids as ingredients. This weakness held growth in total 1999 sales of skim solids to less than half the 3-percent increase in milkfat use. Food processors chasing consumer fads may be responsible for one key aspect of the current market situation. Use of skim solids, both dry and wet, in processed foods rose sharply during the first half of the nineties, before dropping again in recent years. Some of this increase was undoubtedly caused by the introduction of premium versions of staple products. However, the timing of the increases and the subsequent declines suggests that a major contributing factor was the fad for lowfat or nonfat foods. This is further supported by the prominence of baked goods and their ingredient products among the surge of new product introductions during this period. If the demise of lowfat foods has been a major source of the 1998-99 declines in skim solids demand, then this demand weakness may have about run its course, since last year’s use probably was back to the levels of the early nineties. Relatively strong growth in dairy demand is likely to continue in 2000. But, it may not match the boom of 1998-99. Economic activity and consumer incomes are expected to rise at a brisk rate, although possibly not quite matching last year. Some of the 1999 exuberance in food spending may be missing, particularly for dairy products. A part of the strength in 1998-99 demand probably was just making up for the somewhat sluggish 1996-97 reaction to economic expansion.

THE DAIRY SITUATION AND OUTLOOK

Dairy Stocks Large. Commercial dairy stocks of most major products were heavy in early 2000. February 1 holdings were not quite 8 billion pounds, milk equivalent, on a milkfat basis and somewhat more on a skim solids basis. Heavy production, seasonal demand weakness, and buyer caution following the autumn price drops built up commercial stocks. However, holders of these stocks appeared unusually comfortable with these stocks, partially a reflection of the price volatility of the past 2 years and the realization that markets could tighten with only a slight slowing of production growth.

International Markets Quiet. Recent international dairy markets have had a rather tenuous stability. Prices have moved little even though dry milk markets appeared to be tightening, butter markets softening, and exchange rates changing significantly. Milk output is again growing substantially in Oceania but new sales are not being sought very aggressively. The European Union (EU) is in the middle of the normal end-of-quota-year supply uncertainty, but export supplies seem fairly limited because of large sales committed earlier and fairly good domestic use. International butter demand stays modest. Russia has been importing, but not in the amounts of a few years ago. Dry milk demand has been more active as the Asian economies have recovered and as several Latin American countries have been active. International market prices are not expected to change dramatically this year unless weather cuts Oceanic production early in the 2000/01 season. EU export supplies are projected to be fairly steady, while exports under the U. S. Dairy Export Incentive Program (DEIP) will be generally smaller. Meanwhile, international demand is not expected to improve substantially. Dry milk prices might tend a little stronger, while butter prices stagnate. Even without much rise in international prices, the weaker domestic prices imply that U. S. imports beyond tariff-rate quotas probably will be smaller in 2000. Contracts under the DEIP will be fairly modest until the new allocations become available at midyear. Less than 9,000 tons of nonfat dry milk remains unfilled from the regular allocation, and the reallocated amount for April-June is only 6,300 tons. Most of the milkfat allocation remains, but others have been fairly well used up. Importing countries have been fairly aggressive about locking up DEIP contracts for dry milks since last summer, in part reflecting the tightening international markets and in part the smaller DEIP limits under the World Trade Organization. If international market conditions continue as expected, dry milk contracts may again go fairly quickly once they are available. Surging milk production and weakness in some uses generated a sizable surplus of skim solids throughout 1999 and early 2000. With opportunities for new DEIP contracts quite limited, sales of nonfat dry milk to the government under the dairy price support program have been relatively heavy since mid-December, about 10 million pounds per week. If sales of skim solids for ingredient use stabilize as expected, this year's net removals may be close to 1999's 6.5 billion pounds, milk equivalent, skim solids basis. Last year's skim solids surplus was the largest since the eighties. Tight milkfat markets in 1999 meant that net removals were tiny on a milkfat basis, with exporters unable to get supplies for much of the allowable DEIP exports of butter. In 2000, DEIP butter exports might be slightly higher, and very small price support purchases of cheese have occurred. However, net removals of milkfat are expected to stay quite small as milkfat markets are likely to stay fairly tight.

Dairy Prices Low but Unsettled. Except for a brief yearend rise and fall, wholesale cheese prices have been about stable since mid-November at levels close to the support purchase prices. However, this potentially misleading stability seemed the result of an uncertain balance between substantial forces for higher prices and strong resistance to price increases. Cheese demand remains very strong and sales at recent prices probably have been very large. In addition, traders appear aware that even a modest slackening in growth in milk production could tighten dairy markets quickly. On the other hand, cheese output has been huge, and commercial stocks are large. The tenuous nature of recent cheese markets is indicated by the lack of significant cheese purchases under the price support program even though prices, particularly in the West, are at levels where purchases would normally be expected. Since Thanksgiving, butter prices have been stronger than cheese prices but subject to many of the same forces. Strong use of milkfat in other products limited increases in butter production, but stocks grew rapidly even so during seasonally heavy January-February. In rather active trading, prices rose and fell a number of times but stayed in a range of about 88 to 98 cents per pound until posting a pre-Easter/Passover jump in late March. Prices of nonfat dry milk have been far from sharing in the general uncertainty. Heavy milk production, still-sluggish use of separated skim solids, and highly curtailed DEIP outlets left Government purchases large and powder prices solidly on the support purchase price. Wholesale prices of cheese and butter could rise soon after any significant easing in expansion in milk production. Expected strong demand will be able to absorb significantly larger output at prices above recent levels. However, milk production probably will be large enough to forestall a major price recovery through at least the end of 2000. If increases in output stay as large as recently, prices might stay near recent levels until autumn. Prices of milk for manufacturing are expected to stay low during the first half of 2000. The Federal order Class III (milk used for cheese) price may average below \$10 per cwt. Although the Class IV (milk used for butter and dry milk) price is expected to run somewhat higher because of butter's strength, the gap will be constrained by the movement of milk from cheese into butter-powder production. Seasonal increases are projected for the second half of the year, but these rises likely will be smaller than seen for several years. The average milk price received by farmers in 2000 is expected to fall about \$2 per cwt from 1999's \$14.38, a level similar to some of the low-price years of the late eighties and early nineties. Prices at the end of 2000 are expected to be considerably stronger than currently, but even so will be relatively weak. Retail prices of dairy products began 2000 slightly below a year earlier, as prices dropped unusually quickly from the October peak. Retail prices are expected to be below a year earlier during most of 2000 because of the sharply lower farm milk prices. Average retail prices are projected to decrease about 1 percent this year.

SOURCE: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-69, March 28, 2000, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
DEC 1999	165.4	1.9	162.1	2.9	158.6	2.2	165.3	4.0	131.0	-22.4	149.8	1.7
JAN 2000	166.1	1.5	160.4	-0.5	155.1	-3.4	164.1	1.7	138.6	-15.1	150.2	2.6
FEB 2000	166.3	1.8	160.9	-0.9	154.8	-5.3	164.8	1.3	126.7	-18.5	151.3	2.9
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Dollars											
DECEMBER	2.876	2.859	2.833	2.758	2.272	3.176	3.850	3.738	3.845	3.759	3.404	3.301
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
JANUARY	2.785	2.940	2.717	2.852	2.425	3.002	3.843	3.814	3.839	3.748	3.324	3.379
FEBRUARY	2.777	3.004	2.693	2.901	2.293	2.801	3.731	3.723	3.821	3.746	3.340	3.291

NA = Not available. ^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-NOVEMBER-JANUARY AND YEAR-TO-DATE 1998-99 ^{1/}

Item	Nov.-Jan. 1998/99	Percent change ^{4/}	Nov.-Jan. 1999/00	Percent change ^{4/}	Jan.-Dec. 1998	Percent change ^{4/}	Jan.-Dec. 1999	Percent change ^{4/}
	Million Pounds							
MILK								
Production	39,609	2.7	41,235	4.1	157,441	0.9	162,711	3.3
Marketings	39,272	2.8	40,912	4.2	156,080	0.9	161,411	3.4
Beginning Commercial Stocks ^{2/}	5,433	4.4	6,993	28.7	4,889	3.9	5,274	7.9
Imports ^{2/}	1,164	50.2	1,066	-8.4	4,587	70.1	4,743	3.4
Total Supply ^{3/}	45,869	3.8	48,971	6.8	165,556	2.1	171,428	3.5
Ending Commercial Stocks ^{2/}	9,917	27.7	7,576	9.5	5,274	7.9	6,149	16.6
Net Removals ^{2/}	56	-85.9	183	226.8	366	-66.4	343	-6.3
Commercial Disappearance ^{3/}	38,896	1.4	41,212	6.0	159,916	2.4	164,936	3.1
SELECTED PRODUCTS ^{5/}								
Butter	297.4	1.9	337.4	13.4	1,136.6	2.5	1,200.5	5.6
American Cheese	813.8	-1.2	901.7	10.8	3,349.5	2.5	3,595.8	7.4
Other Cheese	1,133.2	3.2	1,216.8	7.4	4,450.4	1.9	4,666.0	4.8
Nonfat Dry Milk	216.1	11.3	133.0	-38.5	867.4	-3.0	765.1	-11.8
Fluid Milk Products ^{6/}	NA	NA	NA	NA	55,266.8	-0.4	55,674.8	0.7

NA=Not Available.

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. ^{3/} Totals may not add because of rounding. ^{4/} From year earlier on a daily average basis. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, FEBRUARY

HIGHLIGHTS. Handler reports of receipts and utilization under the new Federal milk order system have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During February, about 9.7 billion pounds of milk were received from producers. This volume of milk is 3.6 percent higher than the adjusted February 1999 volume. Slightly more than 3.7 billion pounds of producer milk were used in Class I products, 1.0 percent higher than the previous year. The all-market average Class utilization percentages were; Class I – 39, Class II – 11, Class III – 40, and Class IV – 12. The weighted average statistical uniform price (blend price under old pricing system) was \$11.48 per cwt., \$0.19 less than last month, and \$3.64 less than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF FEBRUARY 2000										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>3/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,034.4	3.0	840.5	0	41	17	28	14	12.21
Appalachian (Charlotte)	005	492.3	2.5	344.0	-6.0	70	14	3	13	13.13
Southeast (Atlanta)	007	632.6	12.5	399.1	1.0	63	10	16	11	12.74
Florida (Tampa)	006	243.7	-2.8	220.6	2.2	91	6	2	1	14.40
Mideast (Cleveland)	033	1,057.5	4.0	549.6	-0.5	52	18	24	6	11.52
Upper Midwest (Chicago)	030	2,268.7	1.7	339.4	1.2	15	3	81	1	10.10
Central (Kansas City)	032	1,038.6	6.6	396.1	12.6	38	9	46	7	11.00
Southwest (Dallas)	126	789.0	33.3	320.1	3.1	41	10	35	14	11.82
Arizona-Las Vegas (Phoenix)	131	271.9	14.8	81.3	-0.9	30	4	34	32	11.09
Western (Salt Lake City)	135	302.6	-38.3	83.6	-7.6	28	10	43	19	10.93
Pacific Northwest (Seattle)	124	549.5	1.7	169.4	1.8	31	7	32	30	11.06
ALL MARKET AVERAGE OR TOTAL		9,680.6	3.6	3,743.8	1.0	39	11	40	10	11.48

1/ Names in parentheses are principal pricing points of markets.

2/ Previous year figures are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these changes; in some cases these adjustments are based on estimated data. No adjustments to previous year figures were made for handler regulation shifts that result from other than marketing area changes. Data for February 2000 have been adjusted to a 28-day basis before computing percent changes.

3/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF MARCH 27 - 31, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 03/24/00	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	673,200	-0-	673,200	1,861,200	-0-	-0-	-0-
TOTAL	673,200	-0-	673,200	1,861,200	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	16,901,749	-0-	16,901,749	194,837,243	35,072,129	-0-	-0-
Fortified	-0-	-0-	-0-	5,313,347	-0-	-0-	-0-
TOTAL	16,901,749	-0-	16,901,749	200,150,590	35,072,129	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF MARCH 27 - 31, 2000 =	9.9	203.4	COMPARABLE WEEK IN 1999 =	1.0	55.1
CUMULATIVE SINCE OCTOBER 1, 1999 =	61.2	2,348.2	CUMULATIVE SAME PERIOD LAST YEAR =	7.7	408.2
CUMULATIVE JANUARY 1 - MARCH 31, 2000 =	50.0	1,755.1	COMPARABLE CALENDAR YEAR 1999 =	7.7	407.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MARCH 27 - 31, 2000 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIWEST	-0-	-0-	-0-	-0-	-0-	673,200	2,175,244	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	14,510,509	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	215,996	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIWEST	-0-	-0-	1,861,200	-0-	19,311,102	-0-	35.0	0.0
WEST	-0-	-0-	-0-	-0-	178,675,087	35,072,129	61.2	100.0
EAST	-0-	-0-	-0-	-0-	2,164,401	-0-	0.8	0.0
TOTAL	-0-	-0-	1,861,200	-0-	200,150,590	35,072,129	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 03/11/00 & Comparable Week 1999 1/ 2/

U.S. TOTAL															% DAIRY OF ALL	
Regions*	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1		WEEK SINCE JAN 1			
2000-Dairy cows HD (000)	0.3	0.9	6.7	6.7	19.5	2.7	0.9	0.9	13.0	3.5	55.1	584.7	53.9	50.5		
1999-Dairy cows HD (000)	0.2	1.0	5.8	5.9	16.5	2.4	2.3	0.9	10.4	3.6	49.1	574.3	47.7	47.3		
2000-All cows HD (000)	0.3	1.1	9.1	13.9	28.1	12.4	12.8	4.7	14.2	5.6	102.2	1,157.1				
1999-All cows HD (000)	0.3	1.0	7.7	16.4	24.0	14.3	16.5	4.0	11.4	7.3	102.9	1,214.6				

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71	10.84	10.93								
Class II	11.43	11.51	11.71									
Class III	10.05	9.54	9.54									
Class IV	10.73	10.80	11.00									

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm